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12  
13 **UNITED STATES BANKRUPTCY COURT**  
14 **NORTHERN DISTRICT OF CALIFORNIA**  
15 **SAN FRANCISCO DIVISION**

16 **In re:**

17 **PG&E CORPORATION**

18 **-and-**

19 **PACIFIC GAS AND ELECTRIC  
COMPANY,**

20 **Debtors.**

21  Affects PG&E Corporation  
22  Affects Pacific Gas and Electric Company  
23  Affects both Debtors

24 \*All papers shall be filed in the Lead Case,  
No. 19-30088 (DM)

25 Bankruptcy Case  
No. 19-30088 (DM)

26 Chapter 11  
(Lead Case)  
(Jointly Administered)

27 **DECLARATION OF KAREN M.  
LOCKHART IN SUPPORT OF THE  
SUPPLEMENT TO THE  
APPLICATIONS OF THE OFFICIAL  
COMMITTEE OF TORT CLAIMANTS  
TO RETAIN AND EMPLOY LINCOLN  
PARTNERS ADVISORS LLC AND  
DEVELOPMENT SPECIALISTS, INC.  
AS ITS FINANCIAL ADVISORS**

28 Date: May 9, 2019  
Time: 9:30 a.m. (Pacific Time)  
Place: United States Bankruptcy Court  
Courtroom 17, 16<sup>th</sup> Floor  
San Francisco, CA 94102

1 KAREN M. LOCKHART, under penalty of perjury, declares:

2 1. I am the chair of the Official Committee of Tort Claimants (hereafter, the “TCC”),  
3 of PG&E Corporation and Pacific Gas and Electric Company (collectively, the “**Debtors**”), in the  
4 above-captioned chapter 11 cases (“**Chapter 11 Cases**”).

5 2. I am authorized to make this Declaration pursuant to section 1103(b) of title 11 of  
6 the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “**Bankruptcy Code**”), and Rules  
7 2014 and 5002 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), in  
8 support of the TCC’s supplement (the “**Supplement**”) to the (i) *Application of the Official*  
9 *Committee of Tort Claimants Pursuant to 11 U.S.C. § 1103 and Fed. R. Bankr. P. 2014 and 5002*  
10 *to Retain and Employ Lincoln Partners Advisors, LLC, as a Financial Advisor Effective as of*  
11 *March 1, 2019* (the “**Lincoln Application**”) [Doc. No. 1134], and (ii) *Application of the Official*  
12 *Committee of Tort Claimants Pursuant to 11 U.S.C. § 1103 and Fed. R. Bankr. P. 2014 and 5002*  
13 *to Retain and Employ Development Specialists, Inc., as a Financial Advisor Effective as of March*  
14 *20, 2019* (the “**DSI Application**” and together with the Lincoln Application, the “**Applications**”)  
15 [Doc. No. 1461].

16 3. I submit this declaration in support of the Supplement to address the Court’s  
17 preliminary questions regarding the Applications as stated in the *Issues to be Addressed at the April*  
18 *24 Hearing on Retention Applications* (the “**Statement of Issues**”) [Doc. No. 1587].

19 **The TCC’s Selection of Financial Advisors**

20 4. The TCC is comprised primarily of individual tort victims. The TCC’s members are  
21 not employees or representatives of financial institutions or corporations with vast corporate and  
22 financial resources. Given the critical importance of financial advisory support for the TCC  
23 specifically, the TCC, with the assistance of its counsel, spent substantial time and resources  
24 identifying and interviewing financial advisors based on its anticipated needs.

25 5. In selecting a financial advisor, the TCC focused on two sets of critical skills which  
26 the TCC believes are necessary to assist it in evaluating the unique issues that may arise in the  
27 Chapter 11 Cases. Those skills include industry expertise, enterprise value evaluation, financial  
28 modeling, analysis of the Debtors’ operations and cash flow, potential transaction review, among

1 others (collectively, “**Asset Evaluation**”). The second skill set relates to the administration,  
2 analysis and estimation of tort claims on a massive scale (“**Claims Evaluation**”).

3       6. With counsel’s assistance, the TCC or its counsel identified approximately fifteen  
4 (15) financial advisors for initial discussion of relevant qualifications and connections to these  
5 Chapter 11 Cases. The TCC ultimately interviewed seven (7) such advisors. Among the financial  
6 firms the TCC interviewed, several were large financial firms with both sets of skills. Each of those  
7 larger firms, in the TCC’s view, had connections with the Debtors or parties in interest that either  
8 made the retention undesirable, or based on discussions with counsel, rendered the firm ineligible  
9 to serve as the TCC’s disinterested or unconflicted financial advisor.

10       7. Following a thorough selection process, the TCC hired two separate financial  
11 advisors, Lincoln Partners Advisors, LLC (“**Lincoln**”) and Development Specialists, Inc. (“**DSI**”),  
12 to fulfill the two discrete roles in the Chapter 11 Cases. The TCC selected Lincoln to provide all  
13 the financial advisory services that the TCC would need during the Chapter 11 Cases, except for  
14 those related to tort claims and DSI to provide those solely related to the administration, valuation  
15 and estimation of tort claims. In other words, Lincoln’s services would be directed at Asset  
16 Evaluation and DSI’s services limited to Claims Evaluation.

17       8. As set forth in the *Scope Division Among Official Committee of Tort Claimants’*  
18 *Financial Advisors* annexed hereto as **Exhibit A**, Lincoln and DSI have agreed to limit their  
19 respective services to the categories of services set forth therein to ensure cooperation between  
20 Lincoln and DSI and that they do not perform duplicative services for the TCC.

21       9. If Lincoln’s and DSI’s retentions are approved by the Court, the TCC intends to  
22 monitor the scope of its advisors’ respective services to avoid the possibility of duplication and to  
23 make sure those services are consistent with the TCC’s expectations.

24       10. The TCC believes that the retention of both Lincoln and DSI is necessary for the  
25 TCC to carry out its statutory duties in an efficient and cost-effective manner. Based on discussions  
26 with DSI and Lincoln, the TCC does not believe that one of the selected advisors can perform both  
27 sets of services each has been hired to provide as efficiently as the other.

1       11. The TCC also believes it would be unduly prejudiced if it was unable to work with  
2 its current set of advisors. Based on the extensive selection process, the TCC further does not  
3 believe it can find a single advisor with both skill sets who has not performed work for the Debtors  
4 or major parties in interest relating to the Chapter 11 Cases or otherwise.

5       12. The TCC further believes it cannot share or rely on the financial advisors of the  
6 Official Committee of Unsecured Creditors (the “UCC”). Based on discussions with counsel, the  
7 TCC understands reliance on the UCC’s advisors could be problematic for several reasons,  
8 including the potential for harm to tort claimants when the TCC’s and UCC’s positions diverge and  
9 issues concerning privilege and confidentiality that may arise.

10  
11       *Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury that the foregoing is  
true and correct to the best of my knowledge and belief.*

12  
13       Executed on May 3, 2019

14       OFFICIAL COMMITTEE OF TORT CLAIMANTS  
15       OF PG&E CORPORATION AND PACIFIC GAS  
16       AND ELECTRIC COMPANY

17       By: Karen M. Lockhart

18       Name: Karen M. Lockhart  
19       Title: Chair of the Official Committee of Tort  
20       Claimants